Consolidated Statements of Income

AT&T and Subsidiaries
Years ended December 31

Dollars in millions (except per share amounts)	1993	1992	1991
Sales and Revenues			
Telecommunications services	$39,863	$39,580	$38,805
Products and systems	17,798	16,473	15,941
Rentals and other services	6,991	6,957	6,959
Financial services and leasing	2,504	1,894	1,384
Total revenues	67,156	64,904	63,089
Costs			
Telecommunications services			
Access and other interconnection costs	17,709	18,132	18,395
Other costs	7,009	7,135	6,881
Total telecommunications services	24,718	25,267	25,276
Products and systems	10,809	9,846	9,134
Rentals and other services	3,331	3,287	3,344
Financial services and leasing	1,711	1,310	1,071
Total costs	40,569	39,710	38,825
Gross margin	26,587	25,194	24,264
Operating Expenses			
Selling, general and administrative expenses	16,782	15,950	16,220
Research and development expenses	3,069	2,911	3,114
Provisions for business restructuring	498	64	3,572
Total operating expenses	20,349	18,925	22,906
Operating income	6,238	6,269	1,358
Other income–net	541	352	208
Gain (loss) on sale of stock by subsidiaries	(9)	—	43
Interest expense	566	663	726
Income before income taxes and cumulative effects of accounting changes	6,204	5,958	883
Provision for income taxes	2,230	2,151	361
Income before cumulative effects of accounting changes	3,974	3,807	522
Cumulative effects on prior years of changes in accounting for:			
Postretirement benefits (net of income tax benefit of $4,294)	(7,023)	—	—
Postemployment benefits (net of income tax benefit of $681)	(1,128)	—	—
Income taxes	383	—	—
Cumulative effects of accounting changes	(7,768)	—	—
Net Income (Loss)	$ (3,794)	$ 3,807	$ 522
Weighted average common shares outstanding (millions)	1,353	1,332	1,293
Per Common Share:			
Income before cumulative effects of accounting changes	$ 2.94	$ 2.86	$ .40
Cumulative effects of accounting changes	(5.74)	—	—
Net Income (Loss)	$ (2.80)	$ 2.86	$ .40

The notes on pages 34 through 43 are an integral part of the consolidated financial statements.

Consolidated Balance Sheets

AT&T and Subsidiaries
at December 31

Dollars in millions (except per share amount)	1993	1992
Assets		
Cash and temporary cash investments	$ 532	$ 1,310
Receivables, less allowance of $1,003 and $829		
Accounts receivable	11,933	11,040
Finance receivables	11,370	8,569
Inventories	3,187	2,659
Deferred income taxes	2,079	2,118
Other current assets	637	818
Total current assets	29,738	26,514
Property, plant and equipment–net	19,397	19,358
Investments	1,503	864
Finance receivables	3,815	3,643
Prepaid pension costs	3,576	3,480
Other assets	2,737	3,329
Total assets	$60,766	$57,188
Liabilities and Deferred Credits		
Accounts payable	$ 4,694	$ 5,045
Payroll and benefit-related liabilities	3,746	3,336
Postretirement and postemployment benefit liabilities	1,301	—
Debt maturing within one year	10,904	7,600
Dividends payable	448	443
Other current liabilities	4,241	4,962
Total current liabilities	25,334	21,386
Long-term debt including capital leases	6,812	8,604
Postretirement and postemployment benefit liabilities	9,082	—
Other liabilities	4,298	2,634
Deferred income taxes	275	4,660
Unamortized investment tax credits	270	350
Other deferred credits	263	181
Total liabilities and deferred credits	46,334	37,815
Minority interests	582	452
Shareowners' Equity		
Common shares par value $1 per share	1,352	1,340
Authorized shares: 2,000,000,000		
Outstanding shares: 1,352,398,000 at December 31, 1993; 1,339,831,000 at December 31, 1992		
Additional paid-in capital	12,028	11,425
Guaranteed ESOP obligation	(355)	(407)
Foreign currency translation adjustments	(32)	65
Retained earnings	857	6,498
Total shareowners' equity	13,850	18,921
Total liabilities and shareowners' equity	$60,766	$57,188

The notes on pages 34 through 43 are an integral part of the consolidated financial statements.

provided for by group life insurance benefits and trusts for health care benefits funded before 1993.

We also reimburse the divested regional Bell companies for a portion of their costs to provide health care benefits, increases in pensions and other benefits to predivestiture retirees under the terms of the Divestiture Plan of Reorganization. Through 1992 we expensed these reimbursements as incurred. In January 1993 we recognized this liability in connection with the adoption of SFAS No. 106.

We elected to record a one-time pretax charge of $11,317 million to record the unfunded portions of these liabilities. That charge reflects $12,986 million of liabilities less $1,669 million of plan assets and amounts previously recorded. After taxes, that charge was $7,023 million ($5.19 per share), including $1,375 million for predivestiture retirees. Apart from these cumulative effects on prior years of the accounting change, our change in accounting had no material effect on net income in 1993 and is not expected to affect net income materially in future periods. This change does not affect cash flows.

Postemployment Benefits

We also adopted SFAS No. 112, "Employers' Accounting for Postemployment Benefits," effective January 1, 1993. Analogous to SFAS No. 106, this standard requires us to accrue for estimated future postemployment benefits, including separation payments, during the years employees are working and accumulating these benefits, and for disability payments when the disabilities occur. Before this change in accounting, we recognized costs for separations when they were identified and disability benefits when they were paid.

When we adopted the new standard, we had an accumulated liability for payments to employees who were then disabled and for benefits related to the past service of active employees. We recorded a one-time pretax charge of $1,809 million to record the unprovided portion of these liabilities. That charge reflects $2,221 million of liabilities less $412 million of reserves for business restructuring activities that were established before 1993 and reclassified to postemployment liabilities as part of this accounting change. After taxes, that charge was $1,128 million ($0.83 per share). The change in accounting reduced operating income by $301 million, and net income by $171 million ($0.13 per share) in 1993. This change does not affect cash flows.

Income Taxes

We also adopted SFAS No. 109, "Accounting for Income Taxes," effective January 1, 1993. Among other provisions, this standard requires us to compute deferred tax accounts using the enacted corporate income tax rates for the years in which the taxes will be paid or refunds received. Before 1993 our deferred tax accounts reflected the rates in effect when we made the deferrals.

Because corporate income tax rates in 1993 were lower than the rates that existed before the 1986 Tax Act, our adoption of the new standard raised net income by $383 million ($0.28 per share). Apart from this benefit, the new accounting method had no material effect on net income in 1993. Unless Congress changes tax rates, we do not expect this change to affect net income materially in future periods. This change does not affect cash flows.

3. Prospective Accounting Changes ....

Debt and Equity Securities

In 1994 we must adopt SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities." This standard addresses the accounting and reporting for investments in equity securities that have readily determinable fair values and for all investments in debt securities. We do not expect this new standard to affect net income materially at or after adoption, and it will not affect cash flows.

Impaired Loans

By 1995 we must adopt SFAS No. 114, "Accounting by Creditors for Impairment of a Loan." This standard requires us to compute present values for impaired loans when determining our allowances for credit losses. We do not expect this new standard to affect net income materially at or after adoption, and it will not affect cash flows.

4. Prospective Merger with McCaw Cellular Communications, Inc. (McCaw) ....

On August 16, 1993 AT&T and McCaw entered into a definitive agreement to merge McCaw and a subsidiary of AT&T, making McCaw a wholly owned subsidiary of AT&T.

In the merger, each share of McCaw's Class A and Class B common stock will be converted into one share of AT&T common stock. However, if the 20-day-average market price of the AT&T common stock as of five business days before the merger is less than $53 per share, the conversion ratio will be adjusted upward to provide shares of AT&T common stock having an aggregate market price of $53 for each share of McCaw common stock, subject to a maximum of 1.111 shares of AT&T common stock. If the 20-day-average market price of AT&T common stock as of five business days before the merger is greater than $71.73 per share, the conversion ratio will be adjusted downward to provide shares of AT&T common stock having an aggregate market price of $71.73 for each share of McCaw common stock, subject to a minimum of .909 of a share of AT&T common stock.

Pursuant to a separate agreement, AT&T has granted McCaw the right, in the event the merger does not close, to require AT&T to purchase from McCaw $600 million of McCaw's Class A common stock at a price of $51.25 per share.

The merger is subject to a number of conditions, including the receipt of regulatory approvals, expiration of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act (HSR Act), receipt of opinions that the merger will be tax free and will be accounted for as a pooling of interests, and McCaw stockholder approval. McCaw stockholders holding a majority of the voting power of the McCaw common stock, including members of the McCaw family and British Telecommunications plc, have agreed to vote in favor of the merger.

6. Business Restructuring and Other Charges

Provisions for business restructuring include the estimated costs of specific plans to close offices, consolidate facilities, relocate employees and fulfill contractual obligations, and of other activities involved in restructuring operations. These provisions also cover separation payments made as a result of special offers related to defined benefit plans. Before we changed our accounting for postemployment benefits in 1993, costs for other types of separation payments were also included in these provisions.

Our $498 million in provisions for business restructuring in 1993 covered $227 million of costs at AT&T Global Information Solutions (including, in millions, $137 for special termination benefits, $43 for closing facilities, $18 for employee relocation, $19 for contractual obligations and $10 for other related expenses). We also provided $215 million for re-engineering customer support functions for telecommunications services (including, in millions, $55 for employee relocation, $25 for outplacement costs, $30 for legal contingencies and $105 for closing facilities, lease terminations and asset abandonments associated with centralizing support services). The remaining provisions consist of $23 million related to closing plants for manufacturing telecommunications network systems, and $33 million for employee relocation, outplacement services and legal liabilities related to restructuring operations that service the U.S. federal government.

In 1991 we recorded approximately $4.5 billion of business restructuring and other charges, reducing net income by $2.863 million ($2.21 per share). The charges covered estimated costs of changes in our computer operations, PBX operations and product distribution processes; consolidating operations in leased and owned buildings and recognizing costs of vacant space; eliminating a future subsidy to an Alaskan long distance company; writing down an investment; and other restructuring-related activities, merger-related expenses and other charges. We recorded these charges as $3,572 million in provisions for business restructuring; $501 million as selling, general and administrative expenses; $123 million as cost of products and systems; and the remainder as other costs and expenses, including other income–net. Charges included in other accounts in 1991 were primarily for expenses related to the restructuring activities, writing down impaired assets and merger-related expenses.

The remaining reserves for separation payments at January 1, 1993 were included in the cumulative effect of the change in accounting for postemployment benefits. We believe that the balance of reserves for all other business restructuring activities, $1,440 million at December 31, 1993, is adequate for the completion of those activities.

7. Other Income–Net

In June 1993 we sold our remaining 77% interest in UNIX System Laboratories, Inc. to Novell, Inc. (Novell) in exchange for approximately 3% of Novell common stock. Our gain on the sale was $217 million.

We sold our remaining interest in Compagnie Industriali Riunite S.p.A. in 1993 for a slight gain. We reduced the carrying value of that investment by $68 million in 1992 and by $218 million in 1991 because of a sustained decline in its market value.

In 1991 we had a $171 million gain from selling our 19% equity investment in Sun Microsystems, Inc.

8. Sale of Stock by Subsidiaries

In August 1993 AT&T Capital Corporation sold 5,750,000 shares of common stock in an initial public offering and approximately 850,000 shares of common stock in a management offering. That was about 14% of the shares outstanding, so our ownership is now about 86%. The shares were sold at $21.50 per share, yielding net proceeds of $115 million excluding $18 million of recourse loans attributable to the management offering. Because of these loans, we recorded a $9 million loss on the sale. When the loans are collected in seven years, we expect to report a net $6 million gain from this sale of stock.

In 1991 UNIX Systems Laboratories, Inc. sold about 20% of its stock to other companies to encourage their support for open computing standards. We had a $43 million gain on that sale. Proceeds from the sale were in cash and we did not provide for deferred taxes on the gain.

9. Income Taxes

This table shows the principal reasons for the difference between the effective income tax rate and the United States Federal statutory income tax rate:

Dollars in millions	1993	1992	1991
U.S. Federal statutory income tax rate	35%	34%	34%
Federal income tax at statutory rate	$2,171	$2,026	$300
Amortization of investment tax credits	(92)	(221)	(142)
State and local income taxes, net of federal income tax effect	247	230	63
Foreign rate differential	45	75	54
Taxes on repatriated and accumulated foreign income, net of tax credits	(20)	67	(12)
Research credits	(47)	(18)	(5)
Capital loss carryforward	—	(13)	32
Effect of tax rate change on deferred tax assets	(73)	—	—
Other differences–net	(1)	5	71
Provision for income taxes	$2,230	$2,151	$361
Effective income tax rate	36.0%	36.1%	40.9%

AT&T

1992 Annual Report

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The magic 

 of networks

Under the new standard, AT&T has an accumulated postretirement benefit obligation related to past service from current retirees and active employees. A portion of that liability will be provided for by trust funds that AT&T established and began funding in 1991.

In addition, AT&T reimburses the divested Bell System operating telephone companies for a portion of their costs to provide health care benefits and increases in pensions to pre-divestiture retirees under the terms of the Divestiture Plan of Reorganization. AT&T will recognize the liability for these postretirement benefit expenses at the time that SFAS No. 106 is adopted.

AT&T is electing to take an after-tax charge of approximately $7,000 to recognize the unfunded portion of the accumulated obligation under SFAS No. 106 and to record the postretirement liability related to the divested Bell System operating telephone companies, rather than amortizing this amount over a number of years. The charge will be recorded as the cumulative prior years' effect of an accounting change in the first quarter of 1993. Apart from this charge, management expects the change in accounting for postretirement benefit expenses to have no material effect on net income in 1993. In addition, this accounting change will not affect cash flows.

Income Taxes

Also effective January 1, 1993, AT&T is adopting SFAS No. 109, "Accounting for Income Taxes." Among other provisions, this standard requires deferred tax balances to be determined using the enacted income tax rates for the years in which the taxes will actually be paid or refunds received. At December 31, 1992, AT&T's deferred tax accounts reflect the statutory rates that were in effect when the deferrals were initiated.

AT&T will recognize a net income benefit of approximately $500 as the cumulative prior years' effect of an accounting change in the first quarter of 1993. Management does not anticipate that the new accounting method will have any material effects on net income after the standard is adopted unless statutory income tax rates are changed. This change in the accounting for income taxes has no effect on cash flows.

Postemployment Benefits

In November 1992, the Financial Accounting Standards Board issued SFAS No. 112, "Employers' Accounting for Postemployment Benefits." Analogous to SFAS No. 106 for postretirement benefits, this standard requires companies to accrue for estimated future postemployment benefit expenses during the periods when employees are working. Postemployment benefits are any benefits other than retirement benefits that are provided after employment is discontinued.

This standard must be adopted for fiscal years beginning after December 15, 1993; for AT&T, that would be 1994. Management is presently reviewing the provisions of this new standard and, consequently, is unable to reasonably estimate the impact of AT&T's adoption of the standard.

C. Mergers

On February 28, 1992, AT&T merged with Teradata Corporation (Teradata). As a result, AT&T issued approximately 11 million shares of common stock in exchange for the outstanding shares of Teradata not previously owned by AT&T at an exchange ratio of .802 share of AT&T common stock for each Teradata share. The merger was accounted for as a pooling of interests; however, the consolidated financial statements of AT&T were not restated due to immateriality. The accounts and operations of Teradata are included in the consolidated financial statements as of January 1, 1992. (See also Notes L and P.)

On September 19, 1991, AT&T merged with NCR Corporation (NCR). Approximately 203 million shares of AT&T common stock were issued to complete the transaction. The merger was accounted for as a pooling of interests and, accordingly, the consolidated financial statements of AT&T were restated for all periods prior to the merger to include the accounts and operations of NCR.

D. Business Restructuring and Other Charges

In 1992, AT&T recorded a $64 provision for business restructuring, primarily for reducing the size of the work force in several business units.

In 1991, AT&T recorded approximately $4,500 of business restructuring and other charges, which reduced net income by $2,863 or $2.21 per share. The charges were incurred for changes in AT&T's computer operations, for restructuring PBX operations and product distribution processes, to consolidate operations in leased and owned buildings and to recognize costs of vacant space, to eliminate a future subsidy to an Alaskan long distance company, to write down an investment and for other restructuring activities, merger-related expenses and other charges.

The 1991 charges were recorded as a $3,572 provision for business restructuring, $501 of selling, general and administrative expenses, $123 as cost of products and systems, and the remainder as other costs and expenses, including other income - net. (See also Note E.) The provision for business restructuring includes the estimated costs associated with force reductions and relocations, facility consolidations, contractual obligations, including lease buyouts, and other restructuring activities. Charges included in other accounts were primarily for expenses related to the restructuring activities, asset impairments and merger-related expenses.

In 1990, AT&T recorded net charges of $95 for business restructuring activities. Charges of $495 were recorded primarily for restructuring operations that produce microelectronics components and systems and operations that reclaim scrap metal, and reducing the product technician work force. These charges were offset by a $400 net credit to adjust the reserves established in 1988 for costs associated with the accelerated digitization of AT&T's telecommunications network. The net credit reflects reduced costs to remove certain equipment, offset by additional costs for force reductions and facilities closings.

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

..X.. QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE

SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 1994

OR

..... TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________ to ____________

Commission file number 1-1105

AT&T CORP.

A New York Corporation

I.R.S. Employer No. 13-4924710

32 Avenue of the Americas, New York, New York 10013-2412

Telephone - Area Code 212-387-5400

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ..X.. No .....

At October 31, 1994 1,563,046,000 common shares were outstanding.

PART I - FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF INCOME (CONT'D)
(Dollars in Millions Except Per Share Amounts)
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	1994(b)	1993(b)	1994(b)	1993(b)
Cumulative effects on prior years of changes in accounting for:				
Postretirement benefits (net of income taxes of $4,294) (g)...	0	0	0	(7,023)
Postemployment benefits (net of income taxes of $ 681) (g)....	0	0	0	(1,128)
Income taxes (g)...............	0	0	0	(1,457)
Cumulative effects of accounting changes............	0	0	0	(9,608)
Net Income (Loss)...............	$1,050	$1,022	$3,372	$(6,682)
Weighted average common shares outstanding (millions)........	1,567	1,551	1,562	1,545
Per Common Share:				
Income before cumulative effects of accounting changes.........	$ .67	$ .66	$ 2.16	$ 1.89
Cumulative effects of accounting changes......................	-	-	-	(6.22)
Net income (loss)...............	$ .67	$ .66	$ 2.16	$ (4.33)
Dividends declared per common share..................	$ .33	$ .33	$ .99	$ .99

See Notes to Consolidated Financial Statements.

PART I - FINANCIAL INFORMATION
CONSOLIDATED BALANCE SHEETS (CONT'D)
(Dollars in Millions Except Per Share Amount)

	(Unaudited) September 30, 1994 (b)	December 31, 1993 (b)
LIABILITIES AND DEFERRED CREDITS		
Accounts payable	$ 5,342	$ 4,853
Payroll and benefit-related liabilities	3,805	3,802
Postretirement and postemployment benefit-related liabilities	1,095	1,301
Debt maturing within one year	13,679	11,063
Dividends payable	517	448
Other current liabilities	5,848	4,587
Total current liabilities	30,286	26,054
Long-term debt including capital leases	10,866	11,802
Postretirement and postemployment benefit-related liabilities	8,909	9,083
Other liabilities	4,493	4,363
Deferred income taxes	2,576	2,231
Unamortized investment tax credits	231	270
Other deferred credits	407	263
Total liabilities & deferred credits	57,768	54,066
Minority interests	1,078	1,953
SHAREOWNERS' EQUITY		
Common stock - par value $1 per share	1,563	1,547
Authorized shares: 2,000,000,000		
Outstanding shares:		
1,562,667,000 at September 30, 1994		
1,546,518,000 at December 31, 1993		
Additional paid-in capital	15,375	14,324
Guaranteed ESOP obligation	(305)	(355)
Foreign currency translation adjustments	219	(32)
Retained deficit	(151)	(2,110)
Total shareowners' equity	16,701	13,374
TOTAL LIABILITIES/SHAREOWNERS' EQUITY	$75,547	$69,393

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in Millions Except Per Share Amounts)
(Unaudited)

(e) OTHER INCOME - In June 1993, AT&T sold its remaining 77% interest in UNIX System Laboratories, Inc. to Novell, Inc. ("Novell") in exchange for approximately 3% of Novell common stock. The gain on the sale was $217.

(f) SALE OF STOCK BY SUBSIDIARY - In August 1993, AT&T Capital Corporation ("AT&T Capital") sold 14% of its common stock in an Initial Public Offering, thereby reducing AT&T's ownership to 86%. Due to the required recording of $18 of recourse loans by AT&T Capital to its senior management associated with the stock offering, a $9 loss was realized for the three and nine months ended September 30, 1993. The expected net gain on the sale after collecting these loans over seven years will be $6.

(g) CHANGES IN ACCOUNTING PRINCIPLES - Effective January 1, 1993, AT&T adopted SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." This standard requires companies to accrue for estimated future postretirement benefit expenses during the years employees are working and earning benefits for retirement. Previously, AT&T expensed these benefits as claims were incurred. AT&T recorded an after-tax charge of $7,023 ($4.55 per share) to record the unprovided portion of these liabilities as the cumulative effect of an accounting change in the first quarter of 1993. This accounting change does not affect cash flows.

Effective January 1, 1993, AT&T adopted SFAS No. 112, "Employers' Accounting for Postemployment Benefits." This standard requires companies to accrue for estimated future postemployment benefits during the years employees are working and accumulating these benefits. Previously, AT&T recognized the separation costs as they were identified and disability benefits when paid. AT&T recorded an after-tax charge of $1,128 ($.73 per share) to record the unprovided portion of these liabilities as the cumulative effect of an accounting change in the first quarter of 1993. This accounting change does not affect cash flows.

Also effective January 1, 1993, AT&T adopted SFAS No. 109, "Accounting for Income Taxes." Among other provisions, this standard requires tax assets and liabilities to be determined using the enacted income tax rates for the years in which taxes will be paid or refunds received. Prior to 1993, AT&T's deferred tax accounts reflected the statutory rates that were in effect when the deferrals were initiated. The adoption of SFAS No. 109 resulted in a reduction to net income of $1,457 ($.94 per share) as a result of deferred liabilities that were created by McCaw's acquisitions prior to the merger. This charge was recorded as the cumulative effect of an accounting change in the first quarter of 1993. This accounting change does not affect cash flows.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On September 19, 1994, AT&T completed the merger with McCaw which was accounted for as a pooling of interests. In this report, AT&T is reporting the combined financial results of AT&T and McCaw. Accordingly, all comparisons with prior years are based on restated combined results.

AT&T reported quarterly combined net income of $1.050 billion, or $.67 per share in the third quarter of 1994, a 2.7 percent increase compared with year-ago quarterly net income of $1.022 billion, or $.66 per share. For the nine months ended September 30, 1994, combined income before cumulative effects of accounting changes was $3.372 billion, or $2.16 per share, compared with $2.926 billion, or $1.89 per share in the same period of 1993.

Effective January 1, 1993, AT&T adopted Statement of Financial Accounting Standards ("SFAS") No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," SFAS No. 112, "Employers' Accounting for Postemployment Benefits," and SFAS No. 109, "Accounting for Income Taxes." AT&T recognized the cumulative effects of accounting changes on prior years in the first quarter of 1993, which reduced net income by $9.608 billion, or $6.22 per share. As a result, AT&T reported a combined loss of $6.682 billion, or $4.33 per share, for the first nine months of 1993. (See also Note g). These accounting changes do not affect cash flows.

Total revenues reached $18.649 billion in the quarter, an 8.3 percent increase from $17.225 billion in the same period of 1993. Through September total revenues were 7.4 percent ahead of last year. The increase primarily resulted from continued strong growth in sales of products and systems, principally network systems and communications products, and strong growth in telecommunications services, including wireless services, and financial services and leasing revenues.

Total costs increased $600 million compared with the third quarter of 1993, largely as a result of higher sales of products and systems. Compared with the same periods in 1993, operating income increased 10.6 percent for the quarter and 18.9 percent for the nine months of 1994. The overall gross margin percentage increased to 41.6 percent in the quarter from 40.3 percent in the same period of 1993, reflecting effective cost controls coupled with revenue growth.

The more detailed discussion that follows is based on a comparison of the three and nine months ended September 30, 1994 with the comparable periods of 1993, unless otherwise noted.

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

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For the quarterly period ended June 30, 1994

OR

..... TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________ to ____________

Commission file number 1-1105

AT&T CORP.

A New York Corporation	I.R.S. Employer No. 13-4924710

32 Avenue of the Americas, New York, New York 10013-2412

Telephone - Area Code 212-387-5400

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ..X.. No .....

At July 29, 1994 1,360,270,000 common shares were outstanding.

PART I - FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF INCOME (CONT'D)
(Dollars in Millions Except Per Share Amounts)
(Unaudited)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	1994	1993(b)	1994	1993(b)
Cumulative effects on prior years of changes in accounting for:				
Postretirement benefits (net of income taxes of $4,294) (e)...	0	0	0	(7,023)
Postemployment benefits (net of income taxes of $ 681) (e)....	0	0	0	(1,128)
Income taxes (e)...............	0	0	0	383
Cumulative effects of accounting changes............	0	0	0	(7,768)
Net Income (Loss)...............	$1,130	$1,005	$2,224	$(5,827)
Weighted average common shares outstanding (millions)........	1,363	1,352	1,361	1,350
Per Common Share:				
Income before cumulative effects of accounting changes.........	$ .83	$ .74	$ 1.63	$ 1.44
Cumulative effects of accounting changes......................	-	-	-	(5.76)
Net Income (Loss)...............	$ .83	$ .74	$ 1.63	$ (4.32)
Dividends declared per common share..................	$ .33	$ .33	$ .66	$ .66

See Notes to Consolidated Financial Statements.

PART I - FINANCIAL INFORMATION
CONSOLIDATED BALANCE SHEETS (CONT'D)
(Dollars in Millions Except Per Share Amount)

	(Unaudited) June 30, 1994	December 31, 1993
LIABILITIES AND DEFERRED CREDITS		
Accounts payable	$ 5,353	$ 4,694
Payroll and benefit-related liabilities	3,431	3,746
Postretirement and postemployment benefit-related liabilities	1,188	1,301
Debt maturing within one year	9,213	10,904
Dividends payable	449	448
Other current liabilities	4,737	4,241
Total current liabilities	24,371	25,334
Long-term debt including capital leases	9,114	6,812
Postretirement and postemployment benefit related liabilities	8,981	9,082
Other liabilities	4,371	4,298
Deferred income taxes	484	275
Unamortized investment tax credits	245	270
Other deferred credits	432	263
Total liabilities & deferred credits	47,998	46,334
Minority interests	618	582
SHAREOWNERS' EQUITY		
Common stock - par value $1 per share	1,360	1,352
Authorized shares: 2,000,000,000		
Outstanding shares:		
1,359,950,000 at June 30, 1994		
1,352,398,000 at December 31, 1993		
Additional paid-in capital	12,413	12,028
Guaranteed ESOP obligation	(331)	(355)
Foreign currency translation adjustments	50	(32)
Retained earnings	2,167	857
Total shareowners' equity	15,659	13,850
TOTAL LIABILITIES/SHAREOWNERS' EQUITY	$64,275	$60,766

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in Millions Except Per Share Amounts)
(Unaudited)

(e) CHANGES IN ACCOUNTING PRINCIPLES - Effective January 1, 1993, AT&T adopted SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." This standard requires companies to accrue for estimated future postretirement benefit expenses during the years employees are working and earning benefits for retirement. Previously, AT&T expensed these benefits as claims were incurred. AT&T recorded an after-tax charge of $7,023 ($5.20 per share) to record the unprovided portion of these liabilities as the cumulative effect of an accounting change in the first quarter of 1993. This accounting change does not affect cash flows.

Effective January 1, 1993, AT&T adopted SFAS No. 112. This standard requires companies to accrue for estimated future postemployment benefits during the years employees are working and accumulating these benefits. Previously, AT&T recognized the separation costs as they were identified and disability benefits when paid. AT&T recorded an after-tax charge of $1,128 ($.84 per share) to record the unprovided portion of these liabilities as the cumulative effect of an accounting change in the first quarter of 1993. This accounting change does not affect cash flows.

Also effective January 1, 1993, AT&T adopted SFAS No. 109, "Accounting for Income Taxes." Among other provisions, this standard requires tax assets and liabilities to be determined using the enacted income tax rates for the years in which taxes will be paid or refunds received. Prior to 1993, AT&T's deferred tax accounts reflected the statutory rates that were in effect when the deferrals were initiated. The adoption of SFAS No. 109 resulted in a net income benefit of $383, or $.28 per share. This benefit was recorded as the cumulative effect of an accounting change in the first quarter of 1993. This accounting change does not affect cash flows.

Effective January 1, 1994, AT&T adopted SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities". The standard provides for the accounting and reporting for investments in equity securities that have readily determinable fair values and for all investments in debt securities. The new standard did not have a material impact on AT&T's results of operations or financial position.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

AT&T reported quarterly net income of $1.130 billion, or $.83 per share, in the second quarter of 1994, a 12.6 percent increase compared with year-ago net income of $1.005 billion, or $.74 per share, in the second quarter of 1993. For the six months ended June 30, 1994, income before cumulative effects of accounting changes was $2.224 billion, or $1.63 per share, compared with $1.941 billion, or $1.44 per share in the same period of 1993.

Effective January 1, 1993, AT&T adopted Statement of Financial Accounting Standards ("SFAS") No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," SFAS No. 112, "Employers' Accounting for Postemployment Benefits," and SFAS No. 109, "Accounting for Income Taxes." AT&T recognized the cumulative effects of accounting changes on prior years in the first quarter of 1993, which reduced net income by $7.768 billion or $5.76 per share. As a result, AT&T reported a loss of $5.827 billion, or $4.32 per share, for the first six months of 1993. (See also Note e). These accounting changes do not affect cash flows.

Total revenues reached $17.729 billion in the quarter, an 8.7 percent increase from $16.316 billion in the same period of 1993. Through June, total revenues were 7.0 percent ahead of last year. The increase primarily resulted from continued strong growth in sales of products and systems, principally network systems and communications products, and growth in telecommunications services and financial services and leasing revenues.

Total costs increased $800 million compared with the second quarter of 1993, largely as a result of higher sales of products and systems. Compared with the same periods in 1993, operating income increased 35.7 percent for the quarter and 25.4 percent for the six months of 1994. The overall gross margin percentage increased to 40.0 percent in the quarter from 39.8 percent in the same period of 1993, reflecting effective cost controls coupled with revenue growth.

The more detailed discussion that follows is based on a comparison of the three and six months ended June 30, 1994 with the comparable periods of 1993, unless otherwise noted.

RESULTS OF OPERATIONS

AT&T's core business is to meet the communications and computing needs of its customers by using networks to move and manage information. The revenues and costs of this core business are divided into three categories on the income statement: telecommunications services, products and systems, and rentals and other services. AT&T Capital Corporation ("AT&T Capital") and AT&T Universal Card Services Corp. ("Universal Card") are partners with AT&T's core business units as well as innovators in the financial services industry. The revenues and costs for financial services and leasing operations are displayed as a separate category on the income statement.

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

..X.. QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE

SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1994

OR

..... TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________ to ____________

Commission file number 1-1105

AT&T CORP.

A New York Corporation

I.R.S. Employer No. 13-4924710

32 Avenue of the Americas, New York, New York 10013-2412

Telephone - Area Code 212-387-5400

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ..X.. No .....

At April 29, 1994 1,357,662,000 common shares were outstanding.

CONSOLIDATED STATEMENTS OF INCOME (CONT'D)
(Dollars in Millions Except Per Share Amounts)
(Unaudited)

	For the Three Months Ended March 31, 1994	1993(b)
Cumulative effects on prior years of changes in accounting for:		
Postretirement benefits (net of income taxes of $4,294) (c).....	-	(7,023)
Postemployment benefits (net of income taxes of $681)(c)........	-	(1,128)
Income taxes (c)..................	-	383
Cumulative effects of accounting changes.........................	-	(7,768)
Net Income (Loss).....................	$ 1,094	$(6,832)
Weighted average common shares outstanding (millions)...........	1,360	1,347
Per Common Share:		
Income before cumulative effects of accounting changes..........	$ .80	$ .69
Cumulative effects of accounting changes........................	$ -	$ (5.76)
Net Income (Loss).................	$ .80	$ (5.07)
Dividends declared per common share......................	$ .33	$ .33

See Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEETS (CONT'D)
(Dollars in Millions Except Per Share Amount)

	(Unaudited) March 31, 1994	December 31, 1993
LIABILITIES AND DEFERRED CREDITS		
Accounts payable........................	$ 5,156	$ 4,694
Payroll and benefit-related liabilities...........................	2,988	3,746
Postretirement and postemployeemnt benefit liabilities..................	1,096	1,301
Debt maturing within one year..........	9,671	10,904
Dividends payable.......................	448	448
Other current liabilities..............	5,196	4,241
Total current liabilities..............	24,555	25,334
Long-term debt including capital leases..............................	7,387	6,812
Postretirement and postemployment benefit liabilities..................	9,318	9,082
Other liabilities.......................	4,481	4,298
Deferred income taxes..................	206	275
Unamortized investment tax credits.....	256	270
Other deferred credits.................	386	263
Total liabilities & deferred credits...	46,589	46,334
Minority interests.....................	618	582
SHAREOWNERS' EQUITY		
Common stock - par value $1 per share.. Authorized shares: 2,000,000,000 Outstanding shares: 1,357,388,000 at March 31, 1994 1,352,398,000 at December 31, 1993	1,357	1,352
Additional paid-in capital.............	12,269	12,028
Guaranteed ESOP obligation.............	(331)	(355)
Foreign currency translation adjustments..........................	20	(32)
Retained earnings......................	1,487	857
Total shareowners' equity..............	14,802	13,850
TOTAL LIABILITIES/SHAREOWNERS' EQUITY..	$62,009	$60,766

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in Millions Except Per Share Amounts)
(Unaudited)

(a) ACCOUNTING POLICIES - The consolidated financial statements have been prepared by AT&T Corp. ("AT&T" or the "Company") pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") and, in the opinion of management, include all adjustments, consisting of only normal recurring adjustments, necessary for a fair statement of the consolidated results of operations, financial position and cash flows for each period presented. The consolidated financial statements include the accounts of foreign entities based on their fiscal years, which end either November 30 or December 31. The consolidated results for interim periods are not necessarily indicative of results for the full year. These financial statements should be read in conjunction with AT&T's 1993 Annual Report to Shareowners and Form 10-K for the year ended December 31, 1993.

(b) RESTATEMENTS AND RECLASSIFICATIONS - Previously reported quarterly results for 1993 were restated to reflect the adoption of Statement of Financial Accounting Standards ("SFAS") No. 112, "Employers' Accounting for Postemployment Benefits." In addition, the provisions for business restructuring have been reclassified to costs and operating expenses.

(c) CHANGES IN ACCOUNTING PRINCIPLES - Effective January 1, 1993, AT&T adopted SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." This standard requires companies to accrue for estimated future postretirement benefit expenses during the years employees are working and earning benefits for retirement. Previously, AT&T expensed these benefits as claims were incurred. AT&T recorded an after-tax charge of $7,023 ($5.21 per share) to record the unprovided portion of these liabilities as the cumulative effect of an accounting change in the first quarter of 1993. This accounting change does not affect cash flows.

Effective January 1, 1993, AT&T adopted SFAS No. 112. This standard requires companies to accrue for estimated future postemployment benefits during the years employees are working and accumulating these benefits. Before this change in accounting method, AT&T recognized the separation costs as they were identified and disability benefits when paid. AT&T recorded an after-tax charge of $1,128 ($.83 per share) to record the unprovided portion of these liabilities as the cumulative effect of an accounting change in the first quarter of 1993. This accounting change does not affect cash flows.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
RESULTS OF OPERATIONS AND FINANCIAL CONDITION

AT&T reported quarterly net income of $1.094 billion, or $.80 per share, in the first quarter of 1994, a 16.8 percent increase compared with year-ago net income of $936 million, or $.69 per share, before the cumulative effects of accounting changes.

Effective January 1, 1993, AT&T adopted Statement of Financial Accounting Standards ("SFAS") No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," SFAS No. 112, "Employers' Accounting for Postemployment Benefits," and SFAS No. 109, "Accounting for Income Taxes." AT&T recognized the cumulative effects of accounting changes on prior years in the first quarter of 1993, which reduced net income by $7.768 billion or $5.76 per share. As a result, AT&T reported a loss of $6.832 billion, or $5.07 per share, for the first three months of 1993. (See also Note c.) These accounting changes do not affect cash flows.

Total revenues reached $16.560 billion in the quarter, a 5.3 percent increase from $15.719 billion in the same period of 1993. The increase primarily resulted from strong growth in sales of products and systems, principally network systems and communications products, and growth in telecommunications services and financial services and leasing revenues.

Total costs increased $399 million compared with the first quarter of 1993, largely as a result of higher sales of products and systems. Compared with the same period in 1993, operating income increased 16.1 percent for the quarter. The overall gross margin percentage increased to 40.1 percent in the quarter from 39.4 percent in the same period of 1993, reflecting effective cost controls coupled with revenue growth.

The more detailed discussion that follows is based on a comparison of the three months ended March 31, 1994 with the same period of 1993, unless otherwise noted.

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

..X.. QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE

SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 1993

OR

..... TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______________ to ______________

Commission file number 1-1105

AMERICAN TELEPHONE AND TELEGRAPH COMPANY

A New York Corporation	I.R.S. Employer No. 13-4924710

32 Avenue of the Americas, New York, New York 10013-2412

Telephone - Area Code 212-387-5400

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes ..X.. No .....

At October 31, 1993 1,350,339,000 common shares were outstanding.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The first nine months of 1993 include a $310 million provision for business restructuring for estimated costs of reducing force, relocating employees, closing offices and other restructuring activities including those mentioned regarding NCR. The provision principally covers costs for re-engineering AT&T's operator services functions. The provision also covers costs to consolidate factories and reduce the force for manufacturing telecommunications network systems equipment in Europe and the U. S. and to reduce force and restructuring operations that supply special-design products to the U.S. government. The $310 million provision for business restructuring is net of the reversal of $151 million of restructuring reserves established in the third quarter of 1991 that are no longer required (see also Note b).

For the first nine months of 1992, the provision for business restructuring covers the costs of force reductions in AT&T's telecommunications network products and systems units and costs related to the implementation of voice-recognition technology for operator services.

AT&T's business units all operate in markets that are intensely competitive. Prices and technology are under continual pressure. These market conditions make the ongoing requirement for active cost control even more urgent, as does the slow-growth economic environment. Managers in the business units are continuously evaluating their resource needs and steps to reduce costs. In some cases, these steps will include facility consolidations, disposals of assets, work force reductions or withdrawals from markets. For example, in October 1993, AT&T's NCR unit made an early retirement offer to the approximately 5,500 eligible among its 27,000 U.S.-based employees. The business restructuring provisions for that activity, when acceptances are determined in the fourth quarter of 1993, may amount to between $50 and $100 million.

In November 1992, the Financial Accounting Standards Board issued SFAS No. 112, "Employers' Accounting for Postemployment Benefits." Analogous to SFAS No. 106 for postretirement benefits, this standard requires companies to accrue for estimated future postemployment benefit expenses during the periods when employees are working. Postemployment benefits are any benefits other than retirement benefits that are provided after employment is discontinued. This standard must be adopted for fiscal years beginning after December 15, 1993; for AT&T, that would be 1994. Management is presently reviewing the provisions of this new standard and, consequently, is unable to reasonably estimate the impact of AT&T's adoption of the standard.

OTHER INCOME, INTEREST EXPENSE, PROVISION FOR INCOME TAXES

Other income - net decreased $39 million for the quarter compared with the third quarter of 1992 primarily as a result of lower income associated with equity investments. The $123 million increase in other income-net compared with the first nine months of 1992 primarily reflects a $217 million pre-tax gain on the sale of AT&T's remaining interest in USL to Novell, Inc. partly offset by lower income associated with equity investments.

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

..X.. QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 1993

OR

..... TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________________ to ________________

Commission file number 1-1105

AMERICAN TELEPHONE AND TELEGRAPH COMPANY

A New York Corporation	I.R.S. Employer No. 13-4924710

32 Avenue of the Americas, New York, New York 10013-2412

Telephone - Area Code 212-387-5400

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ..X.. No .....

At July 31, 1993 1,347,580,000 common shares were outstanding.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The $287 million provision for business restructuring in the second quarter of 1993 primarily recognizes the expected costs of specific plans for network re-engineering and previously announced force reductions in operator services that will extend through 1995. The provision also covers estimated costs for consolidating factories and reducing force for manufacturing telecommunications network systems equipment in Europe and the U. S. Restructuring costs associated with operations that supply special-design products to the U.S. government are also included in the provision, primarily as a result of cuts in defense spending. The $287 million provision for business restructuring is net of the reversal of $87 million of restructuring reserves established in the third quarter of 1991 that are no longer required.

The $10 million provision for business restructuring in the second quarter of 1992 relates to the implementation of voice-recognition technology for operator services. For the six months of 1992, the provision also covers force reductions in AT&T's telecommunications network products and systems units.

With present competitive and economic conditions, all AT&T units will continue to examine their cost structures, and to make adjustments as required by these conditions. In some cases, these adjustments will include facility consolidations, disposals of assets, work force reductions or withdrawals from markets.

In November 1992, the Financial Accounting Standards Board issued SFAS No. 112, "Employers' Accounting for Postemployment Benefits." Analogous to SFAS No. 106 for postretirement benefits, this standard requires companies to accrue for estimated future postemployment benefit expenses during the periods when employees are working. Postemployment benefits are any benefits other than retirement benefits that are provided after employment is discontinued. This standard must be adopted for fiscal years beginning after December 15, 1993; for AT&T, that would be 1994. Management is presently reviewing the provisions of this new standard and, consequently, is unable to reasonably estimate the impact of AT&T's adoption of the standard.

OTHER INCOME, INTEREST EXPENSE, PROVISION FOR INCOME TAXES

Other income - net increased $160 million for the quarter and $162 million for the first six months of 1993 compared to the same periods in 1992. The increase primarily reflects a $217 million gain on the sale of AT&T's remaining interest in USL to Novell, Inc. partly offset by lower earnings from equity investments and lower interest income.